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ABSTRACT

There is substantial evidence that problems with family and other interpersonal relationships are often associated with financial stress. A counselor is likely to see clients whose financial difficulties are caused by, or associated with, one or more of four major types of problems: (1) lack of skills; (2) circumstances in the client's macro- or micro-environment over which he has little control; (3) problematic styles of interacting with others; and (4) disparate personal scripts. Although the counselor cannot always determine that a particular kind of problem exists, consideration of these major problem types is useful in determining possible courses of action. After diagnosing the problem, the counselor and client can work together to establish agreed-upon goals and can generate alternatives by brainstorming or by using the nominal group process. A plan of action can then be developed, implemented, and evaluated. Successful financial counseling involves completion of the counseling process, from diagnosis through evaluation, which will maximize the likelihood of resolving a client's present financial problems and minimize future difficulties, while providing both the client and the counselor with feedback about the proposed solutions and about the counseling process. (NB)

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The Financial Counseling Process: Help for the Family Counselor

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ABSTRACT

A counselor is likely to see clients whose financial difficulties are caused by, or associated with, one or more of four major types of problems: 1) lack of skills; 2) circumstances in the client's macro - or micro - environment over which (s)he has little control; 3) problematic styles of interacting with others; and 4) disparate personal scripts. Suggestions are made for resolution of a client's financial difficulties and a model is proposed for the counseling process.

The Financial Counseling Process:
Help for the Family Counselor

There is substantial evidence that problems with family and other interpersonal relationships are often associated with financial stress (Brown, 1979; Daly, 1977; Duncan, 1984; O'Neil, 1985; Ulrichson and Hira, 1985). As statistics on bankruptcy, unemployment, divorce, the costs of raising children, competition for promotions and job advancements among baby-boomers, the health needs of our aging population, etc. are examined (Bane, 1984; Groenveld et al., 1980; Hefferan, 1986; U.S.D.A., 1986; U.S. Dept. of Commerce, CPR Series P-23 & P-60, 1984), it becomes apparent that many more individuals and families can be expected to experience financial difficulties which may ultimately lead them to seek counseling of some sort.

The counselor or prospective counselor may be in a quandary as to how to best help the client[1] for whom it is apparent that financial stresses are in some way related to either a problem presented by or underlying problem(s) of, the client. Pulvino and Lee (1979, p. 25) suggest a counseling model that includes 1) building a relationship; 2) diagnosing needs and establishing goals; 3) generating alternatives; 4) choosing a plan for action; 5) implementing the plan; and 6) evaluating the results. This text provides counselors with excellent suggestions for developing skills in each of the above listed areas but is less successful in delineating the major types of financial problems encountered by counselors and in offering possible solutions. Discussion of goals of counselors and support agencies is also inadequate. Feldman

(1976), on the other hand, provides more than adequate descriptions of the kinds of finance related problems that clients present to counselors, but doesn't incorporate them into a framework or model that is readily used in counseling. An attempt is made, in this paper, to draw upon the best suggestions of these and other writers to develop a fuller, more comprehensive model for family financial counseling than has previously been available for use by family helpers.

The Proposed Model

The processes described in the Pulvino and Lee model are the same as those in any counseling situation or setting. These processes are used as the basis for the expanded model presented in this paper. An overview of the model appears in Figure 1.

Building the Client/Counselor Relationship

Although the terminology used by various authors differs, there appear to be at least five conditions generally agreed upon as necessary to the counseling relationship if there is to be a potential for client growth: 1) congruence; 2) empathy; 3) warmth; 4) acceptance; and 5) trust (Carkhuff and Berenson, 1967; Rogers, 1957; Mayerhoff, 1971). Pulvino and Lee (1979, pp. 168-171) might suggest three additional necessary pre-conditions: 1) energy; 2) professionalism; and 3) ability of a counselor to deal with uncertainty and ambiguity.

The counselor requires both physical and emotional energy. Physical energy is needed to keep abreast of changes in

legislation, the state of the economy, and activities of the financial services industry. Considerable emotional energy is required to deal with clients whose problems are severe and to be effective helpers for clients seen in succession.

Professionalism requires that the counselor have the ability to maintain confidentiality and privacy relative to a client's affairs, as well as the ability to honestly examine personal attitudes toward working with clients who have financial problems and understanding of personal and agency limitations (Feldman, 1976). Professionalism also requires that the counselor avail himself of educational opportunities to update and upgrade both counseling skills and knowledge of family finance (Perch, 1986).

The counselor must be able to work effectively in the face of uncertainty and ambiguity, especially when financial problems are involved. The financial counselor rarely has the opportunity to see clients' long term goals accomplished and, like other counselors, attempts to help clients while also leaving them free to manage their own lives. Thus, the financial counselor is never sure of the adequacy of the processes used or recommendations made.

Feldman (1976) might suggest a ninth essential condition: that the counselor be generously endowed with patience. When there are severe financial problems, people become very reluctant to expose their feelings about money. They don't want others to know how their money has been used, especially if they believe they should have done things differently.

Diagnosing the Problem(s)

When financial counseling is sought, the presented concern is usually about money. This concern may truly be the central issue - or it may be a symptom of other underlying problems. While it is not always possible to positively identify cause and effect, understanding of some of the more common finance-related problems may be useful for the counselor in helping clients establish goals and general alternatives. Feldman (1976) has suggested four classifications for clients' financial problems: 1) lack of skills or knowledge; 2) forces in the macro-environment over which the client has little or no control; 3) circumstances in the micro-environment over which the client has little or no control; and 4) personality difficulties or problems associated with styles of interacting. A fifth classification is indirectly suggested by Broderick (1979) in his discussion of core principles and by Deacon and Firebaugh (1982) in their discussion of personal value systems: disparate personal "scripts."

Lack of skills. Most people learn money management skills beginning in childhood, perhaps through parental role models or in school (Feldman, 1976). Skills are gradually developed until, as adults, people are able to make rational decisions and realistic plans based on personal goals and to effectively implement those plans. Sometimes, for whatever reason(s), a client may have failed to acquire even basic money management skills. Most people, however, can be taught such skills.

Forces in the macro-environment. Financial problems that

fall into this category include such factors as changes in the economy (e.g., inflationary influences on fixed income, recession, etc.), unemployment in various segments of the economy, and so on. Most people with financial problems that arise out of factors such as these are usually reasonably competent in managing their affairs realistically (Feldman, 1976).

Circumstances in the micro-environment. This category would include long term or severe illness, death, birth of a family member, any change in marital status, adult children or parents moving in or out of the household, etc. More families can be expected to have financial problems that are caused or exacerbated by factors in this classification as people live longer and require much health care in their later years and as household composition becomes more complex with, perhaps, several generations living in the same household or households in which children were born to parents from three (or more) marital dyads. For purposes of establishing goals, this problem type has been combined with Forces in the Macro-environment as most of the goals of both client and counselor would be the same (see Figure 1).

Styles of interacting. At Brigham Young University, Poduska (1984) uses what are called "the four priorities of lifestyle" to describe various styles of interaction as they relate to use of financial resources in the families. These lifestyle priorities include comfort seeking, pleasing,

controlling, and feeling superior. Each of these interaction priorities or styles is based on often unrecoginzed emotional needs which result in severe misuse of financial resources and interpersonal conflict.

Disparate personal scripts. As each person enters a relationship, (s)he has already formed ideas about what it means to be a spouse or parent, for example, and about the behaviors that are properly associated with those roles. The same is true regarding the meanings and proper uses of money. Unfortunately, these meanings rarely coincide and couples must learn to develop new ways of interacting which result in joint scripts.

Figure 1 about here

Establishing Goals

In any counseling situation, both the client and counselor must develop goals. In order for counseling to be productive and satisfactory for both client and counselor, the goals upon which each party will work, together or separately, must be clearly understood by everyone involved. The goals developed must, on the counselor's part, reflect the goals of the agency or organization in which the counselor works, as well as perceived client needs and, on the client's part, should reflect the client's personal value system.

Goals must be clearly stated with measures of quality and/or quantity specified so that accomplishment of the goal (or the reverse) can be readily seen. Goals must also be flexible and realistic given the resources available to the client. Long term goals should be broken down into successive short-term goals so that a client can experience a sense of achievement which may further incite the client to continue working toward accomplishment of the long-term goal. If satisfactory progress is not made toward achievement of goals, adjustments to the short or long term goals (or both) can be made fairly quickly when there are frequent short-term checkpoints along the path outlined for attainment of the long-term goal.

A few of the many possible goals for clients and counselors are shown in Figure 1. As presented in the figure, goals are stated in a very general form and would require adaptation for a specific client problem. A client who lacks skill in balancing a checkbook, for example, may more clearly state client goal (a) as:

> I will learn to reconcile my checkbook register to my checking account bank statement this month. I will consider a difference (between the two records) of $ .10 in either direction as evidence of successful mastery of this task.

A counselor would likewise be required to restate these suggested goals in such a way that the counselor has a clear idea of what is to be accomplished, time frame for completion, and standards by which success or failure can be measured.

Generating Alternatives

Two fairly common approaches for generating alternatives are brainstorming and the nominal group process. Brainstorming works well if people have relatively similar levels of power and ability and can talk and work well together. As client-families in financial counseling sometimes have persons of differing status levels and differing abilities and styles of verbalization, the nominal group process may be more effective than brainstorming because it tends to balance out the influence of individual members. The amount and kind of interaction are controlled "to balance socioemotional roles with the performance of task roles and to provide rewards for making high quality decisions" (Timm and Peterson, 1982, p. 287). The four stages of this process are; 1) writing ideas silently; 2) recording ideas; 3) discussion for clarification of ideas; and 4) rank-ordering or rating of ideas. For detailed information about use of the nominal group process, the reader should refer to the Timm and Peterson text.

Developing a Plan for Action

A good plan for action clearly answers four questions: Who? What? When? and How? If the counselor and client have successfully proceeded through the earlier stages of the counseling process, these questions shouldn't be difficult to

answer, although there may be several possible alternative plans. As the client and counselor work together, however, to agree upon a plan for action, it is essential that the client does most of the thinking and planning in order to arrive at the most satisfactory solution (Fledman,1976). This will have the short-term effect of allowing the client to take the responsibility for bettering his/her personal situation and the long-term effect of improved planning and management skills.

Of final consideration in the development of a plan for action must be the task relevant maturity of the client in relation to the specific tasks to be accomplished. Hersey and Blanchard (1977) write that task relevant maturity is determined by the capacity to set high but attainable goals, the willingness and ability to take responsibility, education and/or experience relevant to the task and personal maturity combined with self-confidence and self-esteem. If any of these is missing or in limited supply, the level of task relevant maturity declines.

If a client is willing to take responsibility for the accomplishment of a task, but lacks the necessary skills or experience, (s)he may be doomed to failure, unless there is sufficient time for the client to learn the necessary skills. Time is often, unfortunately, in short supply in dealing with financial difficulties and it may be in the best interests of the client for the counselor to assist with the tasks now - and teach skills later. A client who has skills but low self-esteem may likewise have difficulty accomplishing a task. The

counselor must be alert to those factors, therefore, which affect the ability of a client to successfully implement a chosen plan and take steps to facilitate the implementation process.

Implementing the Plan

The client, ideally, is primarily responsible for implementation of the plan. This may be true, to a greater or lesser extent, according to the counselor's perception of the client's task relevant maturity and any limitations imposed on the counselor by the organization in which (s)he works.

In any case, during implementation the client and/or counselor must periodically check to determine if satisfactory progress is being made toward the accomplishment of one or more goals (Deacon and Firebaugh, 1982). More frequent checking is necessary for those with low task relevant maturity than for those with high task relevant maturity.

As actual progress if compared to the planned outcome, it may become apparent that a plan needs some adjustment. This is not uncommon in financial counseling as information upon which a plan was based may have been inaccurate or personal circumstances of the client may have changed after the plan was developed. At some pre-determined point(s) in time, therefore, the client and counselor should meet to evaluate the client's progress in implementing the plan.

Evaluating the Results and Process

In financial counseling, both the results and the process should be evaluated (Pulvino and Lee, 1979). If a client's

goal is to reduce total debt by $1,000 in a one year period, the counselor might request that the client complete balance sheets (at the beginning and ending of the time period) so that total liabilities between the two points in time can be compared. This provides both client and counselor with a measure of the actual results and provides feedback useful in future decision making.

Process can be evaluated by a discussion of: how the results were achieved, what steps were taken, and who was involved in the process. It is rare for a plan to work entirely successfully, so discussion of failures and client's feelings about both successes and failures must also be a part of process evaluation.

Conclusion

A counselor is likely to see clients whose financial difficulties are caused by or associated with, four major types of problems: 1) lack of skills; 2) circumstances in the macro- or micro-environment; 3) problematic styles of interacting; and 4) disparate personal scripts. Although the counselor cannot always determine that a particular kind of problem exists, consideration of these major problem types is useful in determining possible courses of action. Diagnosis of the problem(s), however, is only the first step in successful financial counseling. Completion of the process, from diagnosis through evaluation, maximizes the likelihood of resolving a client's present financial problem and minimizing future difficulties, while providing both the client and the

counselor with feedback about the proposed solutions and, perhaps, about the counseling process.

Footnote.

1. Client refers throughout this text to one or more persons in counseling together.

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Figure 1. A Model for Personal and Family Financial Counseling

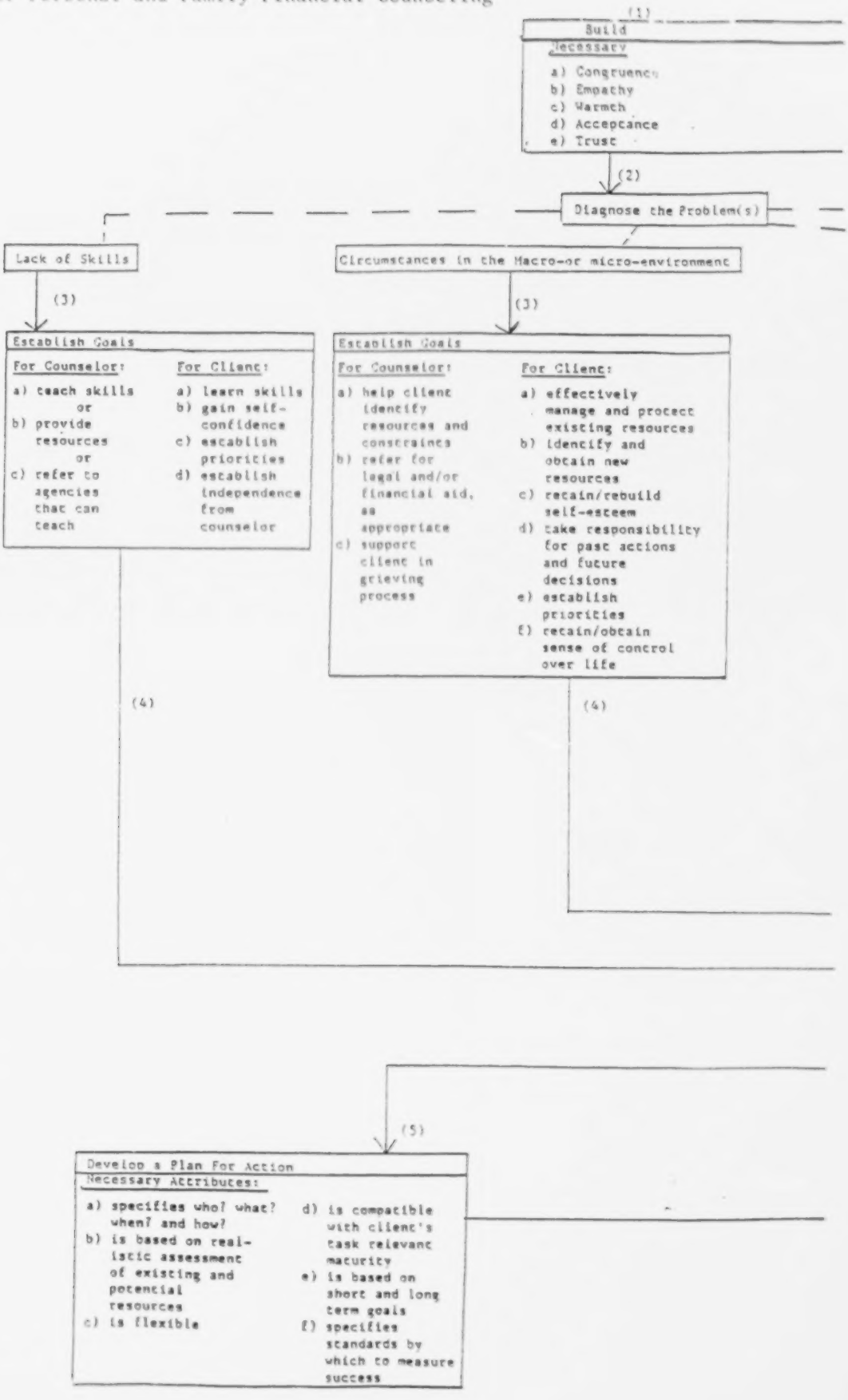
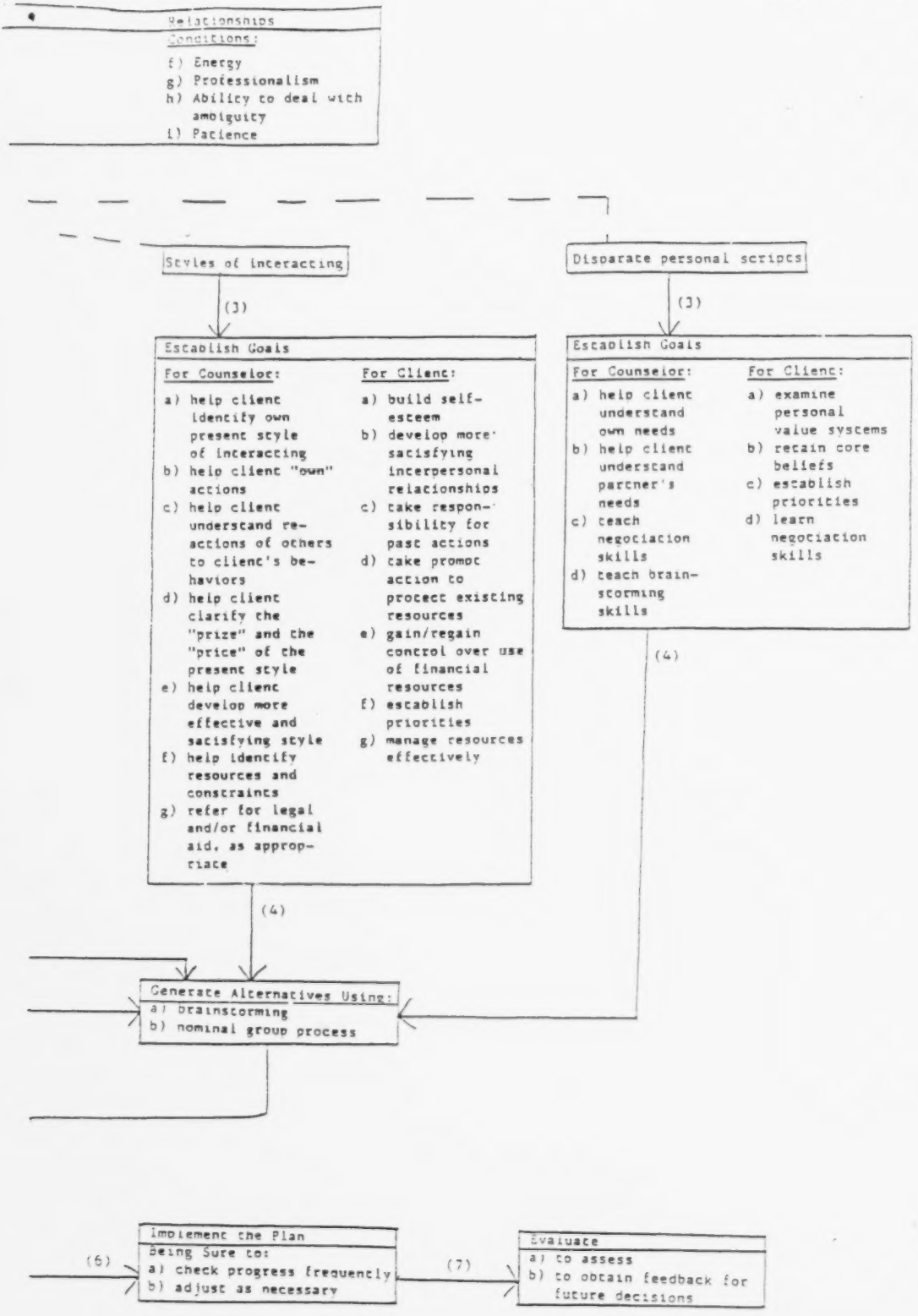


Figure 1 Continued


Relationships
Conditions:
f) Energy
g) Professionalism
h) Ability to deal with ambiguity
i) Patience
Styles of interacting
Disparate personal scripts
(3)
(3)
Establish Goals
For Counselor:
a) help client identify own present style of interacting
b) help client "own" actions
c) help client understand reactions of others to client's behaviors
d) help client clarify the "prize" and the "price" of the present style
e) help client develop more effective and satisfying style
f) help identify resources and constraints
g) refer for legal and/or financial aid, as appropriate
For Client:
a) build self-esteem
b) develop more satisfying interpersonal relationships
c) take responsibility for past actions
d) take prompt action to protect existing resources
e) gain/regain control over use of financial resources
f) establish priorities
g) manage resources effectively
Establish Goals
For Counselor:
a) help client understand own needs
b) help client understand partner's needs
c) teach negotiation skills
d) teach brainstorming skills
For Client:
a) examine personal value systems
b) retain core beliefs
c) establish priorities
d) learn negotiation skills
(4)
(4)
Generate Alternatives Using:
a) brainstorming
b) nominal group process
(6)
Implement the Plan
Being Sure to:
a) check progress frequently
b) adjust as necessary
(7)
Evaluate
a) to assess
b) to obtain feedback for future decisions